



Ramping Up the Pilot to Study a Mileage-Based User Fee

The California State Transportation Agency (CalSTA) will soon conduct a pilot program to explore a transportation funding mechanism that could replace California's outdated and insufficient gas tax and it is already seeking volunteers.

Following a legislative mandate in 2014, the Road Charge Technical Advisory Committee (TAC) studied mileage-based tax collection (or Road Charge) as an alternative to the gas tax, gathering public input and making recommendations on the design of a pilot program that would research charging drivers by the mile rather than by how many gallons of fuel consumed.

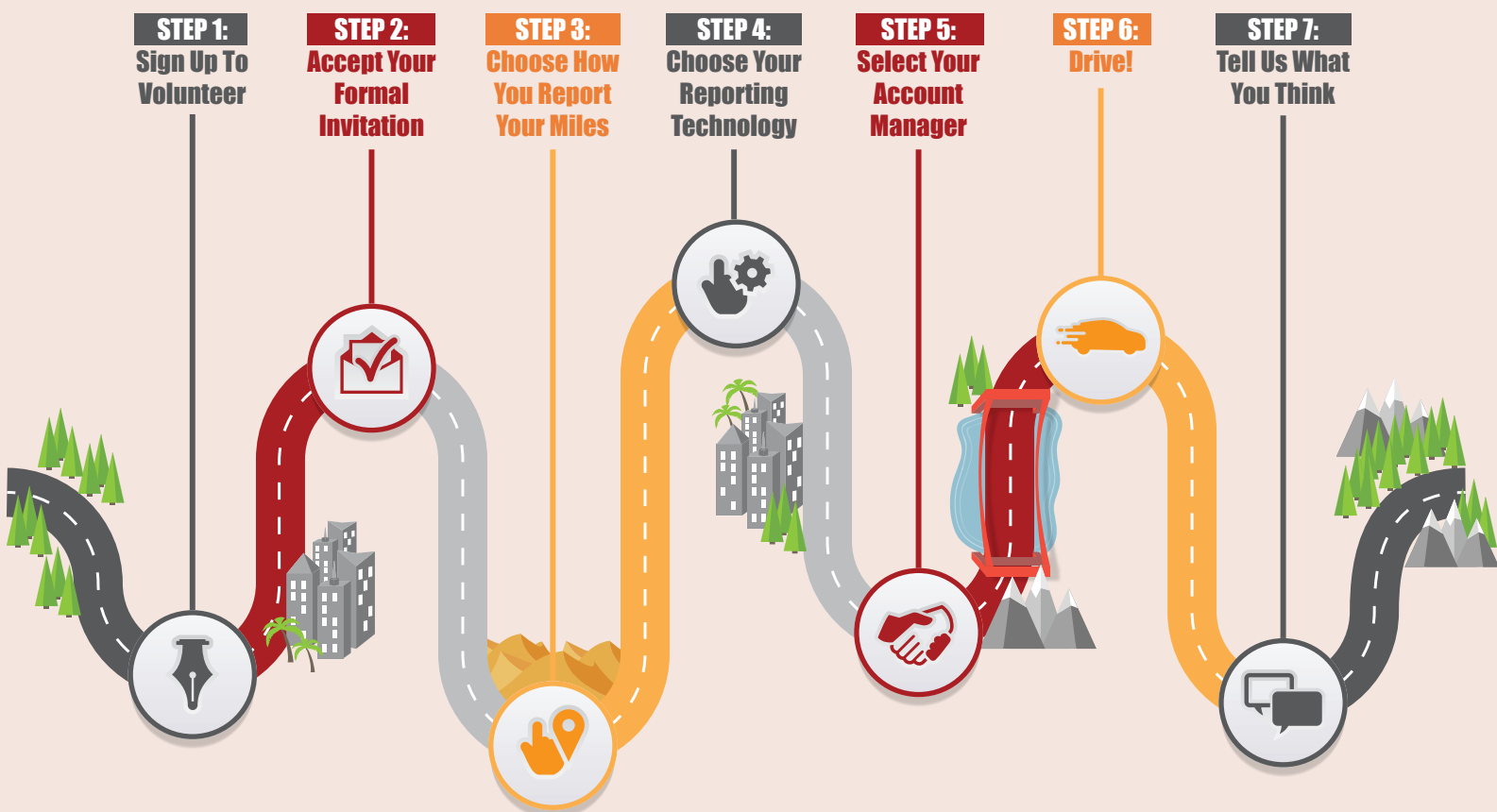
Based on recommendations from the TAC, CalSTA is in the process of developing a pilot test known as the California Road Charge Pilot Program. The pilot will begin in July 2016 and a report of its findings will be submitted to the Legislature, California Transportation Commission (CTC) and TAC by July 2017.

The lack of funding based on the current gas tax has contributed to a projected 10-year funding shortfall of \$57 billion. Since taxes on fuel consumption are the primary source of highway maintenance funding in California, increasing vehicle fuel economy translates directly into decreased funding derived from fuel taxes, especially in the absence of a tax increase. There is also an estimated \$78 billion shortfall for local roads.

The TAC observed that a road charge could be a more equitable way to pay for roadways, since those who drive more – and thus benefit more from the roadways – would contribute in direct proportion to their actual road usage, rather than paying based on fuel purchases.



A STEP-BY-STEP PROCESS FOR VOLUNTEERS



The TAC's final recommendations for the design of the pilot reflect the input received from a broad and diverse group of stakeholders throughout California. In summary, the TAC has recommended that the pilot should:

- Offer drivers a choice in mileage recording methods.
- Protect drivers' privacy and personal information.
- Determine the impacts of a road charge on various income levels.
- Determine the impacts of a road charge on urban and rural drivers.
- Seek participation from at least 5,000 vehicles that represent the geographic, demographic and socioeconomic diversity of our state.
- Cost drivers nothing to participate.

No revenue will be collected during the pilot, as the road charge payment process will be simulated. Participants will receive a mock bill showing what they paid in gas taxes (which is currently hidden in the price of gas) compared to what they would have paid in a road charge model, in direct proportion to their actual road usage. While pilot participants will not have to submit actual payments, they will have the opportunity to make simulated payments either by submitting their 'payment' via mail or a secure website. This is solely for testing purposes. In turn, the road charge account managers will receive payments and record the transactions to the participants' road charge accounts in a manner that most closely resembles how a future invoicing and payment process could work.

How Does the California Road Charge Pilot Work?

The California Road Charge Pilot is a field trial of road charging concepts. Volunteers throughout California will test various road charging methods to identify and evaluate issues related to the potential implementation of a road charge program and to assess the potential for mileage-based revenue collection for California's roads and highways as an alternative to the gas tax system. At a minimum, the pilot will:

- Analyze alternative means of collecting road usage data, including manual alternatives that do not rely on electronic vehicle location data.
- Collect a minimum amount of personal information, including location tracking information, necessary to implement the road charge program.
- Ensure that processes for collecting, managing, storing, transmitting and destroying data are in place to protect the integrity of the data and safeguard the privacy of drivers.

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Road Charge Activity Timeline

**Pilot Development
January 2016**

**Live Pilot
July 2016**

**Final Report
to Legislature
June 2017**

**Recommendations
to Legislature
December 2017**

(cont.)

How Will the Road Charge be Tested During the Pilot?

The pilot will give participants several options for reporting mileage, including several manual methods as well as automated options. These options include:

- **Time Permit:** A permit that allows unlimited road use in California for a specific period of time, such as a year, month or week.
- **Mileage Permit:** A block of miles based on motorists' expected use of California's roads.
- **Odometer Charge:** Payment would be remitted after periodic manual odometer readings. The odometer could be read by a certified representative or the motorist could self-report the odometer reading and reconcile with a verified reading later.
- **Automated Mileage Reporting with No Location Data:** Choice of in-vehicle technology that reports mileage traveled to a third-party account manager that invoices the participant. However, the equipment does not provide any location data.
- **Automated Mileage Reporting with General Location:** Similar to automated mileage reporting, but with location-based technology included. General location does not provide the level of detail that would be needed to estimate a motorist's location street-by-street.

CalSTA, CTC, TAC and Caltrans have begun to recruit 5,000 volunteer participants that reflect the geographic and socioeconomic diversity of the state. Volunteers can enroll in the pilot via the [California Road Charge Pilot Program](#) website and by submitting a volunteer application. As pilot volunteers, drivers will be able to choose from one of several mileage reporting methods. Volunteering is free and no money will be exchanged.

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